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FOREIGN CROPS and MARKETS

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NOTICE

Beginning with this first issue of volume 41, publication date is changed from Saturday to Monday. There is therefore no issue dated either July 1 or 6. Number 26, dated June 29, was the last issue of volume 40.

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L A T E C A B L E S

Hungarian crop acreage except corn was estimated at about 20 percent less than 1939 as a result of winter-kill and floods. Wheat crop for 1940 placed at 77 million bushels compared with 113 million for 1939; rye crop, 29 million bushels compared with 36 million in 1939.

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All crops in the Danube Basin were slightly improved the third week in June despite frequent rains, low temperatures, and insufficient sunshine, but rain fell incessantly the last 4 days of June, thus negating improvement in the Tisza valley in Yugoslavia, Hungary, and Rumania.

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Reports indicate that Sweden's 1940 wheat crop will be approximately 18,370,000 bushels compared with 1939 harvest of 31,384,000 bushels. This year's crop, plus the carry-over, reported more than ample for domestic requirements.

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In Canada, rainfall during week ended July 2 was satisfactory over most of Manitoba, northern Saskatchewan, and northern Alberta. Only light showers received in southern and central Saskatchewan and southern Alberta. Crop prospects fairly well maintained, although considerable variability in south-central and central Saskatchewan due to lack of sufficient moisture. Grasshopper damage minimized by control campaigns so that losses during week were comparatively light. Cool, wet weather in eastern Canada during the past 2 weeks has retarded crops and made it impossible to complete seedings in some cases in Nova Scotia and New Brunswick. Growth of crops past fortnight was not as rapid as during first half of June but prospects remained favorable and warm, dry weather would improve outlook. In British Columbia conditions continue favorable although soil moisture reserves are depleted, and rains are now needed to maintain prospects.

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Canadian tomato acreage for canning increased about 25 percent this year. Exports of canned tomatoes to United Kingdom sharply increased September 1, 1939, to March 31, 1940. On April 8 United Kingdom prohibited imports until further notice.

G R A I N S

ARGENTINE WHEAT SURPLUS SMALL . . .

The wheat situation in Argentina early in June was featured by a small exportable surplus, Government intervention establishing minimum prices for transactions in the grain exchange, and favorable seeding conditions for the 1940-41 crop, according to United States Agricultural Attaché P. O. Nyhus at Buenos Aires. These outstanding current conditions are in marked contrast to those reported on June 1, 1939. At that time Argentina was burdened with heavy wheat supplies, was maintaining fixed prices to producers, and was experiencing unfavorable weather for seeding operations. The export movement during the first months of the 1939 season had not shown the acceleration usual for that time of year, particularly in view of the large 1938-39 crop, and there appeared to be little hope of it attaining the volume necessary to dispose of the large surplus on hand.

Although the carry-over on January 1, 1940, was perhaps the largest on record, the 1939-40 harvest was small and the demand in Europe for Argentine wheat surprisingly well maintained, with the result that the present exportable surplus is so small that Argentina will probably be out of the picture entirely as an exporter during the latter part of the marketing year.

ARGENTINA: Acreage, production, exports, and carry-over of wheat,
1933-34 to 1939-40 . . .

Crop year	Acreage			Year-end	
	Sown	Harvested	Production	Exports a/	carry-over stocks
	1,000 acres	1,000 acres	1,000 bushels	1,000 bushels	1,000 bushels
1933-34.....	19,662	18,042	286,120	181,727	15,400
1934-35.....	18,812	17,154	240,669	146,313	17,700
1935-36.....	14,208	11,690	141,462	63,209	b/-3,000
1936-37.....	19,256	17,582	249,910	147,647	b/-2,000
1937-38.....	19,219	15,112	184,801	75,549	5,500
Average.....	18,231	15,916	220,592	122,889	6,720
1938-39.....	20,368	19,101	336,201	179,378	c/74,300
1939-40.....	17,833	-	119,453	d/69,444	-

Compiled from official sources and reports of the office of the United States agricultural attaché, Buenos Aires.

a/ Argentine marketing year January-December, following the harvest; flour included as grain. b/ Old-crop supplies were exhausted before the end of the year, and new-crop wheat began to move before January 1. c/ Adjusted in accordance with official exportable surplus of May 24, 1940. d/ January-May; 64,213,000 bushels were exported in the corresponding period of 1939.

Since the official estimate of May 24 placed the exportable surplus of wheat at 29,662,000 bushels, it appears necessary to revise the carry-over on January 1 to about 74.3 million bushels, instead of 63 million as previously estimated, with a corresponding reduction in domestic utilization for last year. Unless the 1939-40 crop, placed at 119,453,000 bushels, was underestimated, total supplies for 1940 were about 193,753,000 bushels. Deducting average annual domestic utilization and exports during January-May, about 25 million bushels were available for export on June 1 this year as against about 180 million last year.

Preliminary trade returns do not show final countries of destination in detail. They indicate, however, that the United Kingdom and other European markets took the bulk of Argentina's wheat exports during January-May of this year. If these markets should be closed to Argentine wheat for the remainder of the season, no difficulty should be experienced in disposing of the present exportable surplus, especially since takings by Brazil have been lighter so far this season than usual.

ARGENTINA: Exports of wheat by countries of destination, according to preliminary trade returns for January-May, 1939-40

Country	January-May	
	1939	1940
	1,000 bushels	1,000 bushels
United Kingdom.....	10,678	15,918
Belgium.....	3,937	8,092
Italy.....	152	2,942
France.....	58	22
Germany.....	460	-
Other European countries.....	5,240	23,586
Brazil.....	16,514	13,520
Other countries.....	2,489	2,527
For orders.....	25,146	-
 Total.....	64,674	66,407

Office of United States agricultural attaché, Buenos Aires. Flour not included.

After its system of guaranteed minimum prices for certain grains was abolished last September, the Argentine Government passed no measures for control of the wheat market until May. Then, largely as a result of sharp declines in United States and Canadian markets, as well as the weakness in Argentine prices, particularly of corn, two decrees were issued relating to the grain market. The first, on May 21, established maximum daily price changes from the closing prices of the previous day

(for wheat about 4 cents per bushel). This failed, however, to have the stabilizing effect expected. The Government then, on May 28, forbade all transactions in the grain exchanges at prices below the closing quotations for all positions on May 27. It was stipulated that when transactions for future months opened, trading in which was not being done on May 27, prices were not to be lower than for the preceding month. June, July, and August wheat prices were fixed at 8.45, 8.55, and 8.65 pesos, respectively, per 100 kilograms (68, 69, and 70 cents per bushel at the official rate of exchange). Wheat quotations have been running slightly above these fixed prices, but in the case of corn, export prices have been below the futures market, and, in this connection, a question has been raised as to whether the Government should establish minimum prices unless prepared to buy grains at the prices fixed.

Since prices for wheat, following the short 1939-40 crop, have been relatively better than those for corn, some shift in acreage from corn to wheat is expected in the 1940-41 season. Seeding conditions in the wheat areas have been reported as favorable, and seasonal work was advancing on June 1, but no great change in the wheat acreage from that of 1939-40 has yet been indicated.

BRITISH FARMERS TO RECEIVE
HIGHER PRICES FOR GRAINS . . .

Marked increases in the prices paid to producers for wheat and oats in the United Kingdom were announced by the Minister of Agriculture on June 29, according to a cable from the United States Embassy at London. For home-grown wheat, farmers are to receive a standard price of 14s. 6d. per hundredweight (\$1.56 per bushel at the official rate of exchange) instead of 11s. (\$1.19) guaranteed since last November. The new oat price is also placed at 14s. 6d. (83 cents per bushel) instead of 11s. (63 cents) for feeding oats and 12s. (69 cents) for milling oats guaranteed since March 1, 1940. The advance in prices to producers was reported to have been made to meet higher farm wages now being paid and other increases in production costs resulting from emergency conditions. The domestic production of these grains for next season is expected to be stimulated by this action, which is termed a great concession to agriculture, except where the feedstuffs shortage interferes.

There is no fixed price at present for malting barley, but an announcement for feeding barley will be made later, and when the size of the potato crop is known, a minimum price will be established that will give a 20-percent increase per acre over the returns for the 1939 crop. For sugar beets, an interim addition of 3s. 9d. per long ton (67 cents per short ton) to 1940 basic prices of 50s. to 52s. (\$8.98 to \$9.34 per short ton) was reported.

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ARGENTINE RICE PRODUCTION INCREASES . . .

Argentina's 1939-40 rice crop, harvested from March to May, was the largest on record, according to a report received from the office of the American agricultural attaché at Buenos Aires. The second estimate for the current crop places the harvest at 5,046,000 bushels, a reduction of 367,000 bushels from the first forecast. Rice production in Argentina has expanded rapidly during the past decade, increasing from only 258,000 bushels in 1931 to the above amount for this season.

ARGENTINA: Rice acreage, production, and yield, 1939-40
with comparisons

Year	Acreage		Production		Yield per acre
	1,000 acres		1,000 acres		Bushels
<u>Average -</u>					
1926-27 to 1930-31..		9		335	36.7
1931-32 to 1935-36..		29		1,330	45.3
<u>Annual -</u>					
1936-37.....	a/	40		1,867	47.0
1937-38.....		43		2,333	54.5
1938-39.....	a/	82		4,945	60.5
1939-40.....		79		5,046	63.5

Argentine Ministry of Agriculture. a/ Sown acreage.

Rice imports into Argentina have also declined during the past decade, at the present time equaling only about half those of 10 years ago. There has also been a considerable shift in the source of imports. During recent years, other South American countries have been supplying Argentina with the bulk of her import requirements, whereas a decade ago Italy and the United States were the chief sources. According to United States export figures, no shipments of American rice were made to Argentina in 1939.

ARGENTINA: Rice imports, 1938, with comparisons a/

Year	United	Italy	Spain	Brazil	Uruguay	Others	Total
	States	Million pounds					
<u>Average -</u>							
1926-1930....	18	86	8	13	-	16	141
1931-1935....	6	11	1	24	-	1	43
<u>Annual -</u>							
1936.....	-	1	-	45	1	3	50
1937.....	8	12	-	45	7	2	74
1938.....	6	-	-	62	1	-	69

Anuario del Comercio Exterior de la Republica Argentina.

a/ Paddy converted to milled rice.

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UNITED STATES RICE EXPORTS

TO EUROPE DECLINE

Rice exports from the United States to Europe for the 10 months August-May of the 1939-40 marketing year were about 25 percent below the exports for the corresponding period in 1938-39. During May, exports to European countries declined sharply, amounting to only 168,000 pounds, as compared with nearly 11 million pounds in May last year. The United Kingdom was the only European country to which shipments were made during May. Exports to Cuba for the 10 months this season are about 5 percent, or 10 million pounds, below the exports for the corresponding months in 1938-39. During May, however, exports to Cuba increased substantially, equaling 27,819,000 pounds, as compared with 14,807,000 pounds in May of 1939. Total rice exports from the United States for the 10 months August-May of the current marketing year were about 10 percent, or 28 million pounds, below the exports for the same months in 1938-39. Shipments, on the other hand, to domestic possessions (Puerto Rico, Hawaii, Alaska, and the Virgin Islands) were 19 percent or 47 million pounds larger during the first 10 months of the current marketing season as compared with the same period a year earlier.

RICE: United States exports to specific countries,
August-May 1939-40, with comparisons a/

Country of destination	Average	August-July		August-May	
	1932-33 to 1936-37	1937-38	1938-39	1938-39	1939-40
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Germany.....	11,493	1,449	180	180	-
United Kingdom.....	9,874	7,350	10,782	9,719	10,600
Belgium.....	7,049	15,211	13,349	12,138	4,561
France.....	13,164	8,507	79	56	-
Netherlands.....	4,362	11,641	9,464	8,932	1,564
Greece.....	5,639	16,180	12,580	11,808	3,243
Sweden.....	2,382	3,218	2,981	3,735	7,416
Denmark.....	645	0	4,168	4,168	1,823
Other Europe.....	4,499	6,463	5,909	5,214	11,560
Total Europe.....	59,107	70,049	59,492	54,950	40,767
Chile.....	3,784	21,806	3,760	3,736	1
Argentina.....	2,426	7,113	0	-	-
Canada.....	8,772	14,388	19,006	17,504	13,285
Central America.....	735	1,359	429	353	503
Cuba.....	22,265	203,261	239,449	200,016	190,690
Other countries.....	1,606	7,793	3,986	3,609	7,194
Total ex-Europe.....	39,588	255,720	266,630	225,218	211,673
Total exports.....	98,695	325,769	326,122	280,168	252,440

Compiled from records of the Bureau of Foreign and Domestic Commerce.

a/ Includes rough converted to clean rice.

Another feature in the destination of rice exports is the marked reduction to South American countries. The Argentine and Chilean markets, which for many years took substantial quantities of United States rice, have almost disappeared. In these two countries, domestic production has continued to expand and imports to decline. Venezuela has been a more important market this season.

Total shipments of rice to domestic possessions are exceeding exports to foreign countries again this season. Insular possessions, especially Puerto Rico and Hawaii, have furnished a very steady and important market for United States rice. Shipments to domestic possessions have since 1932 averaged over 300 million pounds annually. Shipments this season to Puerto Rico have been materially above the below-average takings of the 1938-39 marketing year.

RICE: United States shipments to possessions, August-May 1939-40, with comparisons all

Country of destination	Average 1932-33 to 1936-37	August-July 1937-38	1938-39	1938-39	August-May 1939-40
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Puerto Rico.....	220,190	255,509	211,283	176,245	224,548
Hawaii.....	81,331	75,972	71,424	65,428	64,087
Alaska.....	1,079	1,204	1,102	704	653
Virgin Islands.....	b/	552	1,382	458	532
Total.....	302,600	333,237	285,191	242,835	289,820

Compiled from records of the Bureau of Foreign and Domestic Commerce.

a/ Includes rough rice. b/ Not reported prior to 1935.

GRAIN STATISTICS

WHEAT: Weekly weighted average cash price at stated markets

All classes:		No. 2		No. 1		No. 2 Hard:		No. 2		Western														
Week	and grades	Hard	Winter	Dk.	N.	Spring	Amber	Durum	Red	Winter	White													
ended	six markets	Kansas	City	Minneapolis	Minneapolis	St.	Louis	Seattle	al															
1939	1940	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940													
		Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents													
High	b/	84	:	107	:	79	:	108	:	89	:	110	:	82	:	101	:	85	:	113	:	73	:	86
Low	b/	71	:	76	:	69	:	75	:	77	:	81	:	73	:	72	:	72	:	82	:	68	:	72
June	8:	80	:	81	:	75	:	80	:	85	:	84	:	80	:	74	:	81	:	88	:	72	:	b/72
	15:	77	:	80	:	72	:	79	:	84	:	84	:	76	:	75	:	77	:	89	:	73	:	b/73
	22:	72	:	78	:	69	:	76	:	82	:	81	:	73	:	72	:	75	:	-	:	72	:	b/72
	29:	71	:	76	:	70	:	75	:	83	:	81	:	75	:	74	:	72	:	82	:	73	:	b/72

a/ Weekly average of daily cash quotations, basis No. 1 sacked. b/ Soft White at Portland. Seattle series discontinued.

WHEAT: Closing Saturday prices of July futures

Date	Chicago	Kansas City	Minneapolis	Winnipeg a/	Liverpool a/	Buenos Aires b/				
	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
High c/	79	111	75	106	82	107	67	84	63	60
Low c/	67	74	63	67	69	72	58	64	54	64
June 8	75	80	70	76	78	80	61	68	56	60
15	72	80	67	75	76	78	61	66	57	69
22	70	80	65	74	74	78	58	65	55	60
29	70	74	64	67	74	72	60	65	55	60

a/ Conversions at noon buying rate of exchange; for 1939, 1940, Winnipeg converted at official rate which is 90.909. b/ Prices are of day previous to other prices. c/ April 1 to June 29, 1940, and corresponding dates for 1939. d/ June and July futures.

WHEAT, INCLUDING FLOUR: Shipments from principal exporting countries, as given by current trade sources, 1937-38 to 1939-40

Country	Total		Shipments 1940,			Shipments	
	shipments	shipments	week ended	June 15	June 22	June 29	July 1-June 29
: 1937-38 : 1938-39	: 1,000	: 1,000	: 1,000	: 1,000	: 1,000	: 1,000	: 1,000
: bushels							
North America a/....	184,720	245,296	2,961	2,297	2,523	245,296	209,855
Canada b/.....	94,546	159,885	2,300	2,000	2,200	159,885	198,800
United States c/ ...	83,539	94,157	620	320	282	94,157	41,682
Argentina.....	66,928	114,272	2,972	3,986	5,180	114,272	173,826
Australia.....	127,520	102,116	d/	d/	d/	e/58,949	e/41,684
Soviet Union.....	42,248	39,824	0	0	0	39,824	2,342
Danube & Bulgaria f/:	37,232	52,848	992	456	16	52,848	39,616
British India a/....	g/19,677	g/10,097	0	0	0	6,208	0
Total above h/....	478,325	564,453	:	:	:	517,397	467,323
Total European a/...:	397,592	450,784	:	:	:	:	:
Total ex-European a/:	99,400	146,750	:	:	:	:	:

Compiled from official and trade sources. a/ Broomhall's Corn Trade News. b/ Accumulations made from official customs exports, supplemented in the current year, by weekly Broomhall's estimate for North America, less United States exports. c/ Official reports received from 16 principal ports only. This series is being discontinued by the Department of Commerce and will, therefore, not be included in this table subsequently. d/ Not available. e/ Official exports through February only. f/ Black Sea shipments only. g/ Official. h/ Total includes North America and excludes Canada and the United States.

FEED GRAINS AND RYE: Weekly average price per bushel of corn, rye, oats, and barley at leading markets a/

Week ended	Corn			Rye			Oats			Barley		
	Chicago	Buenos Aires	Minneapolis	Chicago	Minneapolis		Chicago	Minneapolis		Chicago	Minneapolis	
	No. 3 Yellow: Futures		Futures	No. 2	No. 3 White		No. 2					
	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
High b/....:	53:	69:	53:	67:	64:	53:	55:	73:	35:	44:	57:	59
Low b/....:	47:	57:	47:	56:	46:	31:	42:	46:	30:	34:	50:	47
June 1....:	52:	67:	51:	62:	49:	32:	55:	48:	35:	38:	57:	52
8....:	52:	66:	51:	63:	50:	32:	52:	47:	35:	35:	55:	50
15....:	51:	66:	50:	62:	51:	32:	52:	46:	35:	35:	54:	48
22....:	51:c/	65:	49:	62:	50:	33:	47:	44:	33:	35:	50:	47
29....:	49:c/	66:	47:	61:	50:	33:	46:	44:	32:	34:	50:	47

a/ Cash prices are weighted averages of reported sales; future prices are simple averages of daily quotations. b/ For period January 1 to latest date shown.

c/ No. 2 Yellow.

FEED GRAINS: Movement from principal exporting countries

Commodity and country	Yearly exports		Exports so far reported
	1937-38	1938-39	
	June 15	June 22	July 1
		June 29	1938-39
			1939-40
	1,000	1,000	1,000
BARLEY, EXPORTS: c/	bushels	bushels	bushels
United States....	17,614:	11,215:	0:
Canada.....	14,014:	16,537:	0:
Argentina.....	10,241:	9,356:	0:
Danube & U.S.S.R.:	19,983:	26,005:	0:
Total.....	61,852:	63,113:	0:
OATS, EXPORTS: c/	:	:	:
United States....	12,331:	5,106:	0:
Canada.....	8,504:	13,738:	0:
Argentina.....	28,505:	19,379:	572:
Danube & U.S.S.R.:	160:	30:	0:
Total.....	49,500:	38,253:	0:
CORN, EXPORTS: d/	:	:	:
United States....	139,893:	34,369:	856:
Danube & U.S.S.R.:	9,790:	19,629:	0:
Argentina.....	132,495:	142,869:	1,129:
South Africa.....	23,949:	25,991:	0:
Total.....	306,127:	222,858:	0:
United States	:	:	:
imports.....	1,819:	442:	0:

Compiled from official and trade sources. a/ The weeks shown in these columns are nearest to the date shown. b/ Preliminary. c/ Year beginning July 1. d/ Year beginning October 1.

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V E G E T A B L E O I L S A N D O I L S E E D S

UNITED STATES SOYBEAN EXPORTS DECLINE IN MAY . . .

Soybean exports during the month of May amounted to only 174 bushels, the smallest exports for any month during the past 3 years. Because of the heavy exports during October-December, the volume shipped to foreign countries for the 1939-40 marketing year is, however, the largest on record. During the 8 months of this season about 98 percent of our exports have been to European countries. Very small quantities of Manchurian beans have been exported to Europe since last September, due to the excessive cost of transportation from the Orient. The outlook for shipping American beans to Europe during the coming months does not appear to be favorable.

UNITED STATES: Soybean exports for May, 1939 and 1940, and
October-May, 1938-39 and 1939-40

Country	May		October-May	
	1939	1940	1938-39	1939-40
	Bushels	Bushels	Bushels	Bushels
Denmark.....	-	-	37,333	2,038,129
Finland.....	-	-	-	53,000
France.....	-	-	20,007	183
Germany.....	-	-	77,882	-
Netherlands.....	29,620	-	365,942	7,353,986
United Kingdom.....	100	-	100	31,841
Canada.....	a/ 425,100	-	a/ 2,686,603	278,865
Mexico.....	-	60	23,011	97
Norway.....	-	-	-	209,795
Sweden.....	-	-	8	979,202
Others.....	90	114	28,827	2,449
Total.....	454,910	174	3,239,713	10,947,547

Compiled from records, Bureau of Foreign and Domestic Commerce.

a/ A large percentage of this quantity was reexported to European countries.

Soybean oil exports have increased sharply this season and for the marketing year will be the largest on record. Until 1938 the United States was usually a net importer of soybean oil. Cuba is the most important market for American soybean-oil exports, and several other Latin American countries take small quantities. European countries during the 8 months of this season have been the destination of approximately half of our oil exports.

UNITED STATES: Soybean-oil exports, May, 1939 and 1940,
and October-May 1938-39 and 1939-40

Country	May		October-May	
	1939	1940	1938-39	1939-40
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Cuba.....	977	202	4,052	3,082
Switzerland.....	-	101	-	2,458
Finland.....	-	545	-	2,794
Sweden.....	-	-	-	1,076
Canada.....	-	186	10	1,292
Netherlands West Indies.....	36	65	366	579
Costa Rica.....	5	28	81	362
Iceland.....	-	24	-	286
Norway.....	-	-	2	211
Panama.....	-	53	13	275
Union of South Africa.....	22	8	177	134
Others.....	71	220	499	1,470
Total.....	1,111	1,432	5,200	14,019

Compiled from the records of the Bureau of Foreign and Domestic Commerce.

INDIAN SESAME-SEED PRODUCTION
FOR 1939 ABOVE PREVIOUS YEAR . . .

The latest estimate for 1939 Indian sesame seed is 465,000 short tons from 4,100,000 acres, compared with 444,000 tons and 4,331,000 acres, revised figures for 1938, according to a recent issue of the Indian Trade Journal. This is a 5-percent increase in yield and a decrease of 5 percent in area. Both acreage and production are slightly below the 1935-1939 average.

Exports during the calendar year 1939 declined by 49 percent as compared with the previous year and were 76 percent below 1937. Trade reports indicate that sesame is losing its importance as an export product, probably because Indian prices are higher than in other markets.

Burma is the most important outlet for this seed, having accounted for 40 percent of the total Indian exports during 1939. Shipments of sesame oil were 17 percent below 1938 and the lowest since 1935. An improvement in the domestic consumption of oil was reported during 1939, due to the preference for this oil as a food rather than the cheaper peanut oil. The wealthier Indians, principally Hindus, are willing to pay the higher prices for sesame oil.

INDIA: Area, production, and exports of sesame seed and sesame-seed oil, 1935-1939

Year	Area	Production	Exports a/	
			Sesame seed	Sesame-seed oil
	1,000 acres	1,000 short tons	1,000 pounds	1,000 pounds
1935.....	4,135	463	1,378	1,215
1936.....	4,144	492	11,997	2,061
1937.....	4,450	521	b/ 38,998	2,387
1938.....	4,331	444	18,227	2,362
1939.....	c/ 4,100	c/ 465	9,374	1,956

Compiled from official sources.

a/ Exports primarily from crop of preceding year.

b/ Beginning April 1, Burma is listed as a separate country; hence exports to that area are included.

c/ Subject to revision.

Official statistics covering carry-over stocks of sesame seed are not available; however, trade estimates place stocks in all India carried over from the 1938 crop on December 31, 1939, at 2,800 short tons, including stocks awaiting shipment.

MANCHURIAN PERILLA-SEED
PRODUCTION ESTIMATE REDUCED . . .

The 1939 Manchurian perilla crop is turning out to be substantially below the third official estimate of the Ministry of Industry, according to a radiogram received from the office of the American agricultural attaché at Shanghai. Reliable trade sources place the 1939 production at approximately 50,000 short tons as compared with 77,000 tons estimated by the Manchurian Government. Of the total crop, the Perilla Association has been able to acquire only about 33 million pounds of seed, of which 11 million pounds were shipped to Japan for crushing and the remaining 22 million pounds kept for crushing by mills at Dairen. About 7 million pounds of oil have been produced at Dairen, all of which are available for export. Approximately 11 million pounds of seed cake have been exported to Japan.

The United States in recent years has been one of the most important markets for Manchurian perilla oil. Prior to 1930, perilla oil imports into the United States were insignificant, amounting to less than 8 million pounds annually. Imports into this country during the past 3 years (1937-1939) averaged over 42 million pounds, about half of which came from Japan, where the oil is extracted from the Manchurian seed.

MANCHURIA: Area, production, and yield of perilla seed,
1934 to 1939

Year	Area 1,000 acres	Production		Yield per acre Pounds
		Short tons		
1934.....	a/	69,342		-
1935.....	509	200,216		786
1936.....	447	161,854		724
1937.....	388	132,577		683
1938.....	326	101,646		624
1939.....	b/ 339	c/ 50,000		295

South Manchurian Railway Company.

a/ Not available.

b/ Third estimate by the Ministry of Industry of Manchoukuc.

c/ Trade estimate.

MANCHURIA: Exports of perilla seed, perilla oil, and perilla cake,
October-September 1938-39, with comparisons

Year beginning October 1	United States	Europe	China	Japanese Empire a/	Others	Total
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
<u>Perilla seed -</u>						
<u>Average</u>						
1933-34 to 1937-38.	b/	b/	b/	b/	b/	141,067
<u>Annual</u>						
1937-38.....	c/	c/	832	113,451	0	114,283
1938-39.....	c/	c/	4,332	137,289	9,231	150,852
<u>Perilla oil -</u>						
<u>Average</u>						
1933-34 to 1937-38.	b/	b/	b/	b/	b/	29,814
<u>Annual</u>						
1937-38.....	18,495	d/ 5,471	185	12	1,859	26,022
1938-39.....	27,472	d/ 15,174	1,285	4	2,394	46,329
<u>Perilla cake -</u>						
<u>Annual</u>						
1937-38.....	c/	c/	218	40,687	0	40,905
1938-39.....	c/	c/	176	60,642	99	60,917

Monthly Returns of the Foreign Trade of Manchoukuo.

a/ Japan proper, Chosen, and Taiwan. b/ Not available by destinations.

c/ Included with others, if any. d/ Great Britain and Germany;
Other European countries includes with others, if any.

C O T T O N - O T H E R F I B E R SNO VISIBLE IMPROVEMENT IN
THE JAPANESE COTTON SITUATION . . .

Operations of the Japanese cotton industry are still featured by abnormally large wharf stocks of raw cotton, increased cost of production, and reduced export orders for cotton textiles, according to a radiogram received from the American agricultural attaché at Shanghai, based on a report from the American consulate general at Osaka. Other factors contributing toward the unfavorable outlook for improvement in the near future were the accumulation of large stocks of unsold cotton yarns and textiles and the inability of importers to obtain sufficient foreign exchange to pay for raw cotton already received in Japan. Wharf stocks were estimated on May 31, 1940, at about 392,000 bales, of which 226,000 were American and 109,000 were Indian.

Japanese exports of piecegoods continue at a reduced level, amounting to 170,283,000 square yards in May as compared with 221,899,000 yards for the same month last year. Cotton goods exporters had planned to increase their sales abroad if and when exports of cotton goods from Europe were reduced by intensified hostilities in those areas. In the British and French Empire areas, which normally are large outlets for such exports from Japan, currency and trade restrictions instituted as wartime measures have brought about a decline in imports of Japanese goods. Efforts to increase textile exports to Latin American countries have met with some success, as indicated in the conclusion on March 15, 1940, of a trade agreement with Argentina involving a number of Argentine concessions on cotton-textile imports from Japan. On the other hand, most African markets are considered as unpromising for the present.

JAPAN: Raw-cotton imports, May 1940, with comparisons
(In bales of 478 pounds net)

Country of origin	May			September-May		
	1938	1939	1940 a/	1937-38	1938-39	1939-40 a/
	Bales	Bales	Bales	Bales	Bales	Bales
United States..	103,995	76,555	71,911	523,363	746,880	779,991
India.....	113,023	62,773	16,854	482,933	751,135	568,541
Egypt.....	7,303	9,863	7,879	56,828	115,547	120,815
China.....	56,137	2,578	555	206,971	62,346	6,779
Brazil.....	3,542	20,952	583	112,806	226,176	114,525
Others.....	7,862	32,285	9,088	91,444	140,788	200,661
Total.....	291,862	205,006	106,870	1,474,345	2,042,872	1,791,312

Based on Japanese official and trade figures. a/ Preliminary.

Total imports of raw cotton into Japan during May were the lowest since January 1938, although the greatest decline was noted in growths other than American. Arrivals of American cotton during the 1939-40 year (September-August) are now expected to reach about 900,000 bales out of an estimated total of a little more than 2 million bales of cotton of all kinds.

New purchases of American during May were relatively small and amounted to only 20 percent of the total for the month. Short stocks and low prices of Indian were an inducement to buyers, but shortage of shipping space from Indian ports and uncertainties regarding military developments in the Orient tended to curb active buying. The price of American middling 7/8 inch at Osaka declined from 76.75 yen per picul (13.6 cents per pound) on May 1 to 71 yen (12.58 cents) on May 31, while the price of Indian Akola declined from 53 yen (9.39 cents) to 35.5 yen (6.29 cents). The consequent price spread of 6.29 cents per pound between American and Indian was reported to be the greatest on record at Osaka. Prices of Brazilian were also low in relation to those of American as a result of the further loss of European markets, and the tendency is to substitute both Indian and Brazilian for American as far as supplies are available. A shortage of available shipping space, however, is a restraining factor in each case.

Yarn production in Japan for May was tentatively calculated at 200,196 bales of pure cotton and 11,875 bales of mixed cotton and staple fiber, which compares with production in May 1939 of 229,868 and 6,118 bales, respectively. Export sales of cloth and yarn are reported to be 35 to 50 percent less than production, resulting in further increases in stocks, including mill holdings, of cloth and yarn. There is little prospect that Government restrictions on domestic consumption will be revised to release surplus stocks for the home market. Lower grades of cotton are expected to play an important part in the trade drive planned by Japan for a larger cotton-textile market in Latin America. Also, generally lowered world living standards may increase the relative demand for low-count yarns, which would stimulate consumption of Indian cotton unless greater quantities of low-grade American were made available.

A proposed plan, apparently supported by the cotton industry, provides for more rigid semigovernmental control of cotton-goods exports or centralized export by federations or trade guilds. Such control would include the establishment of minimum export prices, insurance against exchange losses, pooling of textile export business, and more thorough inspection to maintain high standards of quality. This system is strongly supported for the promotion of Japanese textile exports to Latin America. Japanese negotiations with the Philippines for extension of the trade agreement expiring July 31 are not expected to result in any new concessions for Japanese goods.

The Japanese Ministry of Finance is making a concerted effort to reduce the balance due on cotton shipped to Japan without payments and

has achieved some success. Present outstanding payments are expected to be completed during the last quarter of 1940, but payment for any large purchases of new-crop American may be delayed until early in 1941. Unpaid stocks of cotton were believed in Japan at the middle of June to be about 200,000 bales of American, 90,000 of Indian, and 40,000 miscellaneous. Values represented in United States dollars were estimated at about 12 million, 3 million, and 1.5 million, respectively. The report stated that there was no evidence of discrimination in the issuance of remittance permits, as most of the unpaid American was ordered late in 1939.

THE EUROPEAN COTTON
SITUATION DURING MAY . . .

Since the occupation of Belgian, Netherland, and French territory by German military forces and the extension of hostilities to the Mediterranean, the United Kingdom is the only important European cotton market that still has free access to overseas supplies of raw cotton. Mill operations in Belgium, the Netherlands, and the industrial areas of northern France have been seriously curtailed, and considerable damage was suffered as a result of military activity, particularly in France and Belgium, according to a report from the office of the American agricultural attaché at London. Extension of the British blockade to include these countries and the Mediterranean area may now be expected to effectively cut off all cotton shipments for the duration of the war to continental European markets, except normal supplies to Spain and Portugal. Imports of raw cotton into the United Kingdom from sources other than Empire and allied countries were to be strictly regulated and directed under a system of import-license control effective May 30, 1940. This act was intended to control cotton imports in such a way as to make the best use of available foreign exchange and shipping facilities.

The relative importance of the various European countries as industrial consumers of American cotton may best be indicated by a brief review of United States cotton exports to European and other countries, as shown in the table on the following page. Exports of American cotton to European countries in recent years have averaged about 3.6 million bales annually, or nearly 70 percent of total United States exports of raw cotton. During the past 5 years, United States cotton exports to the United Kingdom accounted for about 30 percent of the total to all European countries. Prior to the Spanish civil war, exports to Spain and Portugal amounted to about 300,000 bales or 7 to 10 percent of the total for Europe. The remaining 60 to 65 percent represents average exports to countries subject to British blockade regulations and no longer active as raw-cotton importers, and includes the Baltic and Balkan countries indirectly affected by the blockade because of geographic location.

UNITED STATES: Raw-cotton exports by countries of destination,
 August to May, 1939-40, with comparisons
 (In bales of 500 pounds gross)

Country	1934-35	1935-36	1936-37	1937-38	1938-39	5-year average	1939-40 a/
	1,000 bales						
United Kingdom..	764	1,461	1,189	1,651	421	1,097	1,918
Spain.....	262	223	b/	1	18	101	292
Portugal.....	47	55	40	41	11	39	34
Total above countries....	1,073	1,739	1,229	1,693	450	1,237	2,244
France.....	399	724	687	772	362	589	755
Germany.....	359	806	682	704	345	579	20
Italy.....	499	400	417	540	292	430	570
Belgium.....	103	167	163	205	94	146	215
Netherlands....	61	72	93	128	74	86	172
Poland & Danzig.	224	279	184	253	180	224	5
Czechoslovakia..	1	1	13	147	165	65	0
Switzerland....	1	1	2	7	1	2	42
Sweden.....	91	89	93	91	101	93	207
Finland.....	29	33	31	46	36	35	18
Denmark.....	35	31	40	34	36	35	28
Norway.....	11	14	13	12	16	13	29
Other Europe	140	23	34	51	45	59	87
Total blockade countries....	1,953	2,640	2,452	2,990	1,747	2,356	2,148
Total Europe..	3,026	4,379	3,681	4,683	2,197	3,593	4,392
Japan.....	1,587	1,543	1,612	719	896	1,271	863
Others.....	424	345	396	574	419	432	995
Total exports	5,037	6,267	5,689	5,976	3,512	5,296	6,250

Compiled from records of the United States Department of Commerce.

a/ Preliminary, for August to May only. b/ Less than 500 bales.

The normal distribution of American cotton to European countries as portrayed in the above tabulation, gives a rough basis for calculating the effect that a protracted war in Europe would have on our cotton-export market. A more complete picture of the outlook for American cotton exports may be obtained by reference to the preceding article on the situation in the Japanese market. Other factors considered as unfavorable to future American cotton export business include the present tendency of Britain and France to secure supplies to the greatest extent possible from Empire and allied sources and other countries where no payment in foreign exchange is involved. Pressure in this direction is reinforced by the availability of large quantities of cotton partly of American types, which normally would have been absorbed by Germany and German-controlled territories. Furthermore, declines in civilian

consumption of cotton goods in the countries at war will gradually offset the increased demand for military and civil defense requirements. Considerable stocks of cotton accumulated in western Europe since the outbreak of war may also tend to reduce the quantities needed during the coming season.

On the other hand, such reduction in European raw-cotton requirements as may be accounted for by reduced shipments of European cotton goods to non-European countries may mean a diversion of manufacturing demand rather than a reduction in ultimate cotton consumption. This theory, however, is not being entirely borne out at present, as other reports indicate a general reduction in world consumption of cotton goods, at least temporarily. The shorter haul to Western Europe for American cotton compared with that for competing growths is likely to exert a restraining influence upon the tendency to substitute other staples as long as shipping space remains at such a premium.

United Kingdom - Mill activity in both sections of the industry continued high during May and increased toward the end of the month in response to an official request by the Cotton Controller that all mills speed up production and work about 16 percent overtime (55-1/2 instead of 48 hours per week) during June in order to take care of Government and essential home orders. A later report by cable stated that the overtime requirements had been extended for 6 more weeks and some mills were now working double shifts. The annual holiday weeks that usually begin early in July are being postponed until the end of August. They will not be entirely canceled, however, as some time is necessary to overhaul plants and machinery as well as to provide much-needed rest for employees. Consequently, a reduction in mill activity may be expected some time during the summer.

The closing of the Alexandria futures market on May 14 deprived many holders of actual cotton of their regular hedge, and alternative selling was directed both to Egyptain and American futures markets at Liverpool. Thus, reinforced hedge selling at Liverpool, coinciding with a lack of trade support, started the decline that was carried further by speculative stop-loss liquidation. A rapid decline of Liverpool American futures following the invasion of the Low Countries resulted in a decision by the Liverpool Cotton Association to close the futures market as from May 20. Trading was again permitted from May 28 to June 12 but only at prices fixed at May 16 levels. On June 13 the Association changed the regulation to release futures trading at Liverpool from fixed prices, but the May 17 quotations were established as minima, and daily fluctuations were again limited, as since September, to 25 points for American and 50 points for Egyptain above or below the closing prices of the previous day.

In Liverpool, American futures contracts for July delivery weakened appreciably in relation to new-crop deliveries following an

announcement by the Association directors that any contracts for July 1940 delivery that are open and not consummated by noon on July 31 will be transferred to August at 15 points difference. This new regulation precludes the buyers from demanding tenders and thereby prevents any speculative manipulation of the July position. Under the menace of an attempted German blockade or invasion of the British Isles, normal functioning of the futures market is almost impossible and the market is faced with the prospect of an extremely tight contract situation in the late summer.

In the spot market a fair general spinners' demand has been maintained with recent sales about 50,000 bales a week. Increased importation difficulties have stimulated a better inquiry for any desirable cotton on hand, especially from merchants requiring cotton to fill forward trade commitments. A fair to good business has been done in American, Brazilian, Peruvian, Egyptian, and East Indian cottons for near-month delivery. New forward business in all growths is almost impossible because of uncertainties regarding import licenses and shipping facilities. Import buying of all cotton has remained on a very moderate scale, and buying into stocks has been difficult since May 27 because of the restricted hedging facilities. Southern shippers are not yet willing to offer new-crop forward, and old-crop business is almost out of the question due to freight limitations and the abnormally narrow Liverpool-American parity.

Trade in Egyptian Sudan and East Indian c.i.f. is heavily restricted by an acute scarcity of freight space. Import buying of South American is held up largely by the unwillingness of the Cotton Controller to issue import licenses. It is reported that the Controller is working out a program of new season import quotas for the varicous growths, but nothing is yet known regarding his intentions in this respect. Meanwhile, stocks of raw cotton of all kinds are steadily contracting as a result of the excess of forwardings over imports.

The Board of Trade announced on June 6 that the previous order restricting quantities of cotton goods for domestic consumption would be altered to provide after September 30 for supplies of cotton piecegoods and apparel for the home market of only 25 percent of those distributed in the corresponding period of the previous year. Another order made effective June 29 prohibits exports of cotton linters and waste to all destinations except under license.

The Cotton Controller announced at the beginning of May that the reduced allocation of British freight space for shipments of American cotton during May is to continue during June, July, and August. The former allocation of space for 100,000 bales was reduced to 50,000 bales for May, reserving space for 30,000 bales of commercial shipments and 20,000 bales of barter cotton. A more complete report on wartime control measures will appear in an early issue of Foreign Crops and Markets.

France - Mill activity, both spinning and weaving, was seriously disturbed and curtailed by the extension of military operations into the industrial areas of Northern France, where a large portion of the French cotton-textile industry is located. There were also other dislocations, such as a necessary diversion of raw-material supplies and orders placed by the Government. At present little information is available as to the actual course of developments in the French cotton industry since the invasion and occupation by German forces of practically the whole of the French cotton-mill areas.

All operations of the G.I.R.C. (semiofficial cotton purchasing agency) were reported to have been suspended, at least temporarily, as early as the first of June. Stocks of cotton on docks and in warehouses at Le Havre a short time before military operations reached that city were estimated at about 160,000 bales.

Belgium and the Netherlands - Both the Belgian and Netherland cotton-textile industries, which normally consume about 250,000 bales of American cotton annually out of a total consumption of 600,000 bales of all growths, are now included in the territory to which American cotton will hardly have access as long as the war lasts. It is assumed that war damage to plants and machinery in the Belgian cotton industry has been considerable, while damage in the Netherland cotton industry appears to have been relatively small.

Italy - Developments affecting the Italian cotton industry since the entry of Italy into the war have not yet been reported. Previous reports indicate that mill activity has been high but production was mainly for backlog orders, while new business was dull. Stocks of raw cotton are estimated to be sufficient for the remainder of the season and possibly longer since Italian exports of cotton piecegoods to overseas markets have been virtually eliminated by the extension of the British blockade to the Mediterranean.

INTERNATIONAL TRADE IN COTTON . . .

As no official figures are available for exports of cotton from India since January, the complete world cotton-trade picture cannot be constructed accurately. Exports from India for the August-January period were about 13 percent lower than last season. Data on imports from India during February, March, and April do not indicate any considerable change in that relationship. Hence, it seems probable that something over 10 million bales were shipped by the seven leading exporting countries during the first 9 months of the current marketing season.

From August to April 1939-40, the United States exported 6 million bales of cotton compared with slightly over 3 million bales a year earlier,

an increase of 92 percent. Exports were lower, however, than the average of the 10 years, 1923-24 to 1932-33. This was true in spite of the fact that many countries including the United Kingdom, took amounts well above both last season's level and that of the 10-year average. The decline from average was due to the practical elimination of sales to Germany, formerly the largest foreign market. Shipments to Japan were also less than the 10-year average.

COTTON: Summary of world exports, August-April, average 1923-24 to 1932-33, and seasons, 1936-37 to 1939-40

Exporting countries	August-April				
	Quantity				
	Average 1923-24 to 1932-33	1936-37	1937-38	1938-39	1939-40
United States.....	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
British India.....	7,091	4,985	5,379	3,131	6,012
Egypt.....	2,085	2,711	1,216	1,832	a/
Brazil.....	1,192	1,589	1,428	1,377	1,402
Peru.....	77	663	661	842	578
Argentina.....	134	213	206	243	258
Sudan.....	46	128	15	73	76
Total 7 countries.....	68	175	170	195	109
Total 6 countries, excluding British India.....	10,693	10,464	9,075	7,693	-
	8,608	7,753	7,859	5,861	8,435

Compiled from official sources. a/ No official data are available since January. August-January figures were 907,000 bales compared with 1,044,000 bales a year earlier.

Cotton exports from Egypt during the 9 months were 2 percent above last season's level and 18 percent higher than the 10-year average. Of the total exports of Egyptian cotton, the United Kingdom and France took 56 percent from August to April of the current season, compared with 44 percent a year ago and 52 percent during the 10-year average. Shipments to Japan, British India, and the United States were also above last season's level.

Shipments of cotton from Brazil during the August-April current season were 31 percent below the high level of last season. Of the 578,000 bales exported, the United Kingdom took 35 percent compared with 18 percent a year earlier. Japan and Germany, heavy buyers of the Brazilian fiber over a period of years, took only 27 percent of the total exports compared with 47 percent last season.

Shipments of cotton from Peru thus far during the current season were 6 percent above last season's level and far in excess of the 10-year

average. The United Kingdom, still leading as a purchaser of Peruvian cotton, took 156,000 bales during the current season compared with 135,000 bales a year earlier, an increase of 16 percent. Germany, on the other hand, after having held second place as a market for Peruvian cotton for a number of years, has fallen to eighth. This decline has been more than offset by increased shipments to the United Kingdom, Italy, Japan, and the Netherlands.

Exports of cotton from Argentina during the 9 months beginning August 1, 1939, were 4 percent above last season's level and 76 percent higher than the 6-year average, 1924-25 to 1929-30. The sharp decline in shipments to Germany, the heaviest buyer in recent years, has been more than offset by increased shipments to the United Kingdom and Italy. As will be noted, Spain and China have again become buyers of Argentine cotton.

COTTON: Exports from principal exporting countries, August-April, average 1923-24 to 1932-33, and seasons, 1937-38 to 1939-40 a/

Destination of exports from principal exporting countries	August-April							
	Quantity				Percentage of total			
	Average: 1923-24 to 1932-33		1937-38		1938-39		1939-40	
	Average: 1923-24 to 1932-33	bales	1937-38	bales	1938-39	bales	1939-40	bales
Exports from the United States to	1,000	1,000	1,000	1,000	Per- cent	Per- cent	Per- cent	Per- cent
Germany *	1,638	660	292	20	23	12	9	b/
United Kingdom . . .	1,604	1,568	389	1,841	23	29	12	31
France	786	748	350	745	11	14	11	12
Italy	594	468	257	521	8	9	8	9
Spain	258	0	17	281	4	0	1	5
Belgium	168	185	85	215	2	3	3	4
Netherlands	123	116	67	170	2	2	2	3
Soviet Union	c/ 113	d/	0	0	2	b/	0	0
Sweden	52	80	90	207	1	2	3	3
Portugal	38	34	11	34	1	1	b/	1
Poland & Danzig . .	17	197	155	5	b/	4	5	b/
Other Europe	56	237	283	199	b/	4	10	2
Total Europe	5,447	4,293	1,996	4,238	77	80	64	70
Canada	172	210	172	338	2	4	6	6
Japan	1,140	585	806	829	16	11	26	14
China	243	20	78	403	4	b/	2	7
British India	74	147	3	89	1	3	b/	1
Other countries . . .	15	124	76	115	b/	2	3	2
Total	7,091	5,379	3,131	6,012	100	100	100	100

* Includes shipments through the free port of Bremen, much of which is afterward shipped to other countries.

- Continued

COTTON: Exports from principal exporting countries, August - April
 average 1923-24 to 1932-33, and seasons 1937-38 to 1939-40
 Continued -

Destination of exports from principal exporting countries	August - April							
	Quantity				Percentage of total			
	Average 1923-24 to " 1932-33	1937-38	1938-39	1939-40	Average 1923-24 to 1932-33	1937-38	1938-39	1939-40
<u>Exports from</u> <u>Brazil to</u>	1,000 bales	1,000 bales	1,000 bales	1,000 bales	Percent	Percent	Percent	Percent
United Kingdom..	--	143	154	201	--	22	18	35
Japan.....	--	65	206	85	--	10	25	15
Germany.....	--	337	187	70	--	51	22	12
France.....	--	36	88	55	--	5	10	9
China.....	--	5	87	f/ 47	--	1	10	8
Netherlands.....	--	9	21	28	--	1	3	5
Portugal.....	--	25	9	f/ 25	--	4	1	4
Italy.....	--	6	45	20	--	1	5	4
Belgium-Luxemb..	--	17	18	19	--	3	2	3
United States...	--	d/	d/	f/ 2	--	b/	b/	b/
Spain.....	--	0	0	f/ 2	--	0	0	b/
Poland.....	--	11	15	f/ 1	--	2	2	b/
Other countries.	--	7	12	23	--	b/	2	5
Total.....	g/ 77	661	842	578	100	100	100	100
<u>Peru to</u>								
United Kingdom..	--	111	135	156	--	54	56	61
Japan.....	--	5	11	26	--	2	5	10
Netherlands.....	--	5	16	19	--	2	7	7
Italy.....	--	2	2	12	--	1	1	5
France.....	--	6	8	8	--	3	3	3
Belgium-Luxemb..	--	7	10	8	--	4	4	3
Chile.....	--	8	6	7	--	4	2	3
Germany.....	--	59	51	7	--	29	21	3
United States...	--	d/	0	5	--	b/	0	2
Other countries	--	3	4	10	--	1	1	3
Total.....	g/134	206	243	258	100	100	100	100
<u>Argentina to</u>								
United Kingdom..	h/ 21	0	2	24	49	0	3	32
Germany.....	h/ 7	12	53	15	15	84	73	20
Spain.....	h/ 5	0	0	5	11	0	0	6
Belgium.....	h/ 4	d/	0	1	8	b/	0	1
Italy.....	h/ 2	d/	0	16	6	b/	0	21
China.....	h/i/	i/	i/	4	--	--	--	6
Other countries.	4		18	11	11	16	24	14
Total.....	h/ 43	15	73	76	100	100	100	100

Continued -

COTTON: Exports from principal exporting countries, August - April average 1923-24 to 1932-33, and seasons 1937-38 to 1939-40
Continued -

Destination of exports from principal exporting countries	August-April							
	Quantity				Percentage of total			
	Average 1923-24 to 1932-33		1937-38 1938-39 1939-40		Average 1923-24 to 1932-33		1937-38 1938-39 1939-40	
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	Percent	Percent	Percent	Percent
<u>Exports from</u> <u>Egypt to</u>								
United Kingdom.	469	471	457	504	39	33	33	36
France	154	196	148	279	13	14	11	20
United States..	142	31	30	47	12	2	2	3
Germany e/	86	173	159	12	7	12	12	1
Italy	78	93	90	90	7	6	7	6
Japan	55	67	120	130	5	5	9	9
Switzerland ...	53	65	62	59	4	5	5	4
Spain	38	1	8	9	3	b/	1	1
Czechoslovakia.	25	47	41	1	2	3	3	b/
British India..	19	109	71	102	2	8	5	7
Belgium-Luxemb.	14	15	14	14	1	1	1	1
Poland & Danzig	10	32	35	4	1	2	3	b/
Other countries	49	128	142	151	4	9	8	12
Total	1,192	1,428	1,377	1,402	100	100	100	100
<u>Sudan to</u>								
British India...i/		50	35	35	--	30	18	32
United Kingdom..	65	93	114	34	95	55	59	32
France.....	2	7	10	24	3	4	5	22
Italy	d/	7	8	7	b/	4	4	6
Switzerlandi/		1	4	4	--	1	2	3
Japan	i/	1	8	d/	--	b/	4	b/
Poland	i/	4	3	d/	--	2	2	b/
Germany	d/	4	1	0	b/	2	b/	0
Other countries.	1	3	12	5	2	2	6	5
Total	68	170	195	109	100	100	100	100

Compiled from official sources. a/ Bales of 478 pounds net, except for the United States and Peru, which are 500 pounds gross. b/ Less than 0.5 percent. c/ Excludes Russia in Asia. d/ Less than 500 bales. e/ Beginning January 1, 1938, includes Austria. f/ Eight months, August - March. g/ Data not available by countries. h/ Six-year average, 1924-25 to 1929-30. i/ If any, included in "Other countries."

T O B A C C O

SALES OF SUMATRA TOBACCO
AND CONDITION OF 1940 CROP . . .

Sales of Sumatra wrapper leaf tobacco from the 1939 crop by April 13, 1940, had totaled approximately 9.2 million pounds and prices for the leaf sold in Europe were above early expectations, according to American Consul John B. Ketcham at Medan.

Approximately 3.0 million pounds of the leaf were sold at the April 5 and April 13 Amsterdam auctions for an average of 1.65 gulden (87 cents) per pound, and it was reported that about 2.8 million pounds were sold privately in the Netherlands at very satisfactory prices. The principal European buyers were Netherlands manufacturers and German and Belgian interests. No purchases by American buyers were reported at the first Amsterdam auction, but about 17,000 pounds were bought at the second.

Auctions scheduled for dates after April 13 included one at Rotterdam for May 17 and the third Amsterdam auction on May 25. The outcome of these auctions and total quantities sold to date are not known. Shipments of the leaf from Sumatra, January through March, totaled 18.1 million pounds. Of this amount, about 2.7 million pounds were destined for the United States and represented part of the 3.4 million pounds purchased in Sumatra by American buyers in February and March.

1940 Production - The May 10 condition of the 1940 crop, which earlier in the season was expected to yield about 29.5 million pounds as compared with approximately 27 million pounds in 1939, was somewhat unsatisfactory. March and April were unusually dry and tobacco in the upland section of the district, which was planted early and harvested in April and May, was damaged. Injury to fields in the late-planted lowland area was not severe, but rains were needed to assure satisfactory yields and quality.

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TOBACCO PRODUCTION AND EXPORTS
OF THE PHILIPPINE ISLANDS . . .

Official estimates place the 1939 tobacco crop of the Philippine Islands at approximately 74 million pounds, compared with 79 million in 1938. The quality of the crop was reported good, and prices much higher than in the preceding year. No definite information is yet available as to the volume of the 1940 crop, but it is said to be slightly below normal, and of fair quality. In Cagayan and Isabella Provinces, both yield and quality are reported to have been affected somewhat by extremely dry weather early in the season. Harvest in those two Provinces was completed during May.

The total area planted to tobacco in the Philippine Islands has increased steadily from 137,000 acres in 1934 to 197,000 acres in 1939. The crop is grown on approximately 75,000 small farms and about 12 plantations in the Provinces of Cagayan, Isabela, Pangasinan, and La Union, and also on the Visayan Islands. It is estimated that the industry supports about 600,000 persons which include 80,000 to 100,000 farm families.

The 1939 exports of leaf tobacco from the Philippines were the largest in several years, amounting to over 42 million pounds, compared with an average of 25 million pounds for the 2 preceding years. Exports to Spain in 1939 were greatly increased and those to the United States were more than trebled, due principally to large shipments made in October and November in view of an import quota, applied by the United States to Philippine tobacco in 1940 as provided by the Philippine Independence Act. Prior to 1940, Philippine leaf tobacco and cigars entered the United States duty-free. By the terms of the Independence Act the Philippine Islands in 1940 may export to the United States free of duty, 200 million cigars and 4.5 million pounds of scrap, stemmed, and unstemmed filler tobacco. Any exports above the quota will be subject to the full rate of United States duty. In 1941, and for each successive year until 1946, the duty-free quota will be reduced by 5 percent, but tobacco shipped to the United States will be exempt from the export tax, which, beginning with 1941, will be applied to many articles exported to the United States.

PHILIPPINE ISLANDS: Exports of leaf tobacco, including scrap, by principal countries, 1934-1939

Country	1934	1935	1936	1937	1938	1939 a/
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Spain.....	15,257	35,892	21,215	-	4,162	21,442
United States.....	1,660	3,022	2,147	7,015	4,432	15,170
Japan.....	2,883	2,368	723	2,236	2,500	1,771
Korea.....	5,568	8,060	1,748	2,146	49	
Netherlands.....	262	308	273	73	6,736	b/
Italy.....	1,382	4	2,306	10,080	c/	d/
France.....	967	831	3,566	381	28	b/
Belgium.....	1,509	291	42	350	537	b/
French Africa.....	666	516	500	711	1,443	b/
China.....	193	564	423	532	332	b/
Hong Kong.....	363	311	380	297	323	b/
Other countries...	339	512	872	1,208	e/ 5,416	4,036
Total.....	31,049	52,679	34,195	25,029	25,958 e/	42,419

Annual Report of the Insular Collector of Customs.

a/ Preliminary. b/ Included with "other countries." c/ Less than 500 pounds. d/ Included with Spain. e/ To Gibraltar, 4,986,000 pounds.

F_R_U_I_T_S, V_E_G_E_T_A_B_L_E_S, A_N_D N_U_T_S

SOUTH AFRICAN CITRUS SUBSIDIES GRANTED . . .

The Secretary of Agriculture of the Union of South Africa announced on April 19 the establishment of a £120,000 (\$477,600) Government-assistance scheme for the citrus growers, according to a report received from American Commercial Attaché Clayton Lane at Johannesburg, South Africa. The purpose of the scheme is to offset heavy losses last season and is particularly for the aid of small growers. The subsidy is designed to reach 95 percent of the growers, applying to all types of oranges, and to assure the survival of the industry. Assistance to growers for the 1940 season is expected to be announced later.

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INDIAN CASHEW NUT CROP SMALLER . . .

The Indian crop of cashew nuts has suffered considerable damage from severe drought and is now expected to be only 50 to 60 percent of normal, according to a report received from C. C. Jordan, American Consul at Madras, India. The shortage of rain caused the flowers to wither, and the crop is expected to be much later than normal. The early season business will be almost entirely dependent upon imported African nuts. African interests, aware of the Indian crop situation, have increased their prices approximately 24 percent.

Exports from the Madras district to the United States during the first quarter of 1940 were only about 40 percent of those for the last quarter of 1939. Exports to the United Kingdom were 29 percent larger than during the fourth quarter of 1939. Exports from the Bombay district to the United States during the first quarter of 1940 were slightly larger than for the corresponding period in 1939, while those to the United Kingdom were smaller. Stocks on hand in both districts are reported as being small at this time.

It is reported that exporters in both districts are of the opinion that, because of the short domestic crop, increased prices of imported nuts, and increased costs of transportation and insurance, shipments from India will be considerably below those of the previous year. Prices are expected to firm still more, although the demand from the United States has decreased considerably in both districts in recent months. Prices of imported cashews in the New York wholesale market are already reflecting the higher prices in India and increased landing costs. In this connection, United States imports of shelled cashews from September 1, 1939, to May 31, 1940, amounted to 9,477 short tons as compared with 11,116 tons for the corresponding period in the previous season.

LIVESTOCK AND ANIMAL PRODUCTS

BRITISH LIVESTOCK PRICES INCREASED . . .

The Ministry of Agriculture of the United Kingdom has just increased the prices to be paid at collection centers by the Food Ministry for hogs and sheep as the result of higher farm wages and other increased production costs, principally feed, according to a cable from the American Embassy at London.

The price the Ministry of Food will now pay for fat hogs up to 180 pounds dressed weight is \$21.13 per 100 pounds instead of \$19.12 per 100 pounds in effect since May 16, 1940. The increase in the price of hogs of a little over \$2.01 per 100 pounds since May 16, and of \$2.51 per 100 pounds since January is considered a great concession to agriculture and is expected to stimulate production except where feed-stuffs shortage interferes. Since the price of hogs was first fixed on October 13, 1939, it has advanced \$7.06 per 100 pounds.

The price of sheep was increased \$3.35 per 100 pounds. The prices are now based on an annual average price of \$23.48 per 100 pounds instead of \$20.13 in effect since September 13, 1939. The new prices for cattle have not as yet been announced. It is expected that a plan will be worked out with the aim to carry as many cattle as possible over to next season as a result of current large supplies of imported beef.

BRITISH-CANADIAN
CHEESE PURCHASE AGREEMENT . . .

Additional regulations have been published in the Canada Gazette in connection with the British-Canadian Cheese Purchase Agreement. The Canadian Government now requires persons exporting cheese to the United Kingdom to secure a license from the Dairy Products Board. The quantities allotted to each Canadian exporter will be determined by the Board, allotments to be based on the average amount shipped by the individual exporter during the past 3 calendar years.

Some modification of the contract price has also been made. All cheese sold by country Cheese Boards east of Toronto in the Province of Ontario will be purchased at a minimum price of 13.25 cents (12.0 cents, United States currency) for first-grade cheese f.o.b. country shipping points. The minimum price on all cheese purchased in the Province of Quebec will be 13-9/16 cents (12.3 cents, United States currency) for first-grade f.o.b. Montreal.

The original provisions of the agreement made in May between the Dominion Department of Agriculture and the British Ministry of Food

calls for the delivery to the United Kingdom of 35,000 long tons (78,400,000 pounds) of Canadian cheese, manufactured during the production season ending November 30, 1940, at the following prices per pound, delivered on board ship or railroad cars Montreal: First grade (92 score and over), 14 cents; second grade (87 to 91 score), 13.5 cents; and third grade (under 87 score), 13 cents; (12.7, 12.3, and 11.8 cents, respectively, United States currency). The cheese is to be white and unwaxed and the grading certificates of the Dominion Department of Agriculture will be accepted by the British Ministry of Food as evidence of quality.

The Dairy Products Board-appointed by Orders in Council 2138 and 2139, May 23, 1940, will have charge of arrangements in Canada. As in the case of the Bacon Board, an Advisory Committee has been set up also, the members of which will be representative of the dairy industry.

Factory cheese production in Canada in 1939 amounted to 123 million pounds, and in addition farm-made cheese amounted to about 1 million pounds. In 1939 exports amounted to 91 million pounds, 81 million pounds of which went to the United Kingdom and 7 million pounds to the United States.

HUNGARY TO ENCOURAGE HOG PRODUCTION . . .

A shortage of corn in Hungary has resulted in a decrease in hog stocks during the past few months. The Government therefore has permitted the importation of 500,000 quintals (55,000 short tons) of corn from Rumania, 75 percent of which has already arrived. In order to encourage hog fattening the Ministry of Agriculture will furnish corn on very favorable terms to those farmers who guarantee the fattening of an additional number of hogs above those being fattened at present.

CUBAN IMPORTS OF AMERICAN LARD LARGE . . .

Cuban imports of American lard during May exceeded 7,000,000 pounds, the largest amount imported during any single month since the inauguration of the Reciprocal Trade Agreement in September 1934, states Vice Consul Thomas S. Campeo at Habana. Imports in May were 13 percent larger than in April and 38 percent above May a year ago. In the first 5 months of this year lard imports totaled 29,309,000 pounds compared with 23,193,000 pounds in the same period of 1939. Demand for American lard has expanded as a result of the current low prices, which placed it within reach of practically every Cuban family. The relatively higher-priced vegetable oils and fats substitutes are finding it increasingly difficult to compete in this market.

RECENT DEVELOPMENTS AFFECTING
THE UNITED KINGDOM WOOL INDUSTRY . . .

Two developments of major importance to the British wool industry occurred recently, according to a report just received from the American consulate at Bradford. One was the decision of the Wool Control to allow the raw-material issue prices introduced on March 1 (March 1 issue prices for foreign and colonial wool tops and noils appeared in Foreign Crops and Markets, February 17, 1940) to remain in force for a longer period of time in order to eliminate the uncertainty of manufacturers concerning prices in producing goods for export, and the other was the entrance of Italy into the war.

UNITED KINGDOM: Maximum issue price per pound of selected and graded British wool, in the fleece, March 1, 1940, with comparisons a/
(Prices delivered Bradford or area in which consumed)

Description	British currency			United States currency <u>b/</u>		
	Take-over price Oct. 23 Oct. 27 c/ 1940	Issue price Oct. 23 Feb. 29 c/ 1940	March 1 1940 d/	Take-over price Oct. 27 Oct. 27 c/ 1940	Issue price Oct. 23 Feb. 29 c/ 1940	March 1 1940 d/
	Pence	Pence	Pence	Cents	Cents	Cents
<u>Washed -</u>						
Lincoln wethers.....	13.75	15.00	19.00	23.03	25.12	31.86
Selected Welsh fleeces	12.75	13.75	18.50	21.36	23.03	31.03
<u>Greasy -</u>						
Selected Kent wethers...	12.25	13.25	16.75	20.52	22.19	28.09
Norfolk half-bred hogs	11.75	12.50	16.00	19.68	20.94	26.83
Selected Cheviot ewes...	13.25	14.50	18.00	22.19	24.29	30.19
Selected Blackfaced ewes.....	9.75	10.50	14.00	16.33	17.59	23.48
Shorn Kent lambs, sorted.....	12.25	13.25	17.50	20.52	22.19	29.35

a/ Excludes wool produced in the Orkney Islands, Shetland Islands, or the Outer Hebrides; also wool in the hands of manufacturers or in the hands of producers.

b/ Conversions made at official British rate of exchange of \$4.02 per pound sterling for 1939; and \$4.025 for 1940.

c/ The Control of Wool (No. 6) Order.

d/ The Control of Wool (No. 10) Order.

In an effort to stimulate exports of cloth and yarn, the Wool Controller made the following announcement under date of May 23:

- (a) Present home issue prices (Numbers 9 and 10) for raw material required for export in fabric are to remain unchanged through the winter rationing period until February 28, 1941.
- (b) Present home issue prices (Numbers 9 and 10) for raw material required for export in yarn are to remain unchanged through December 31, 1940.
- (c) Raw material allocations for the rationing period July 1 to October 31, 1940, will be released on the basis of the present home issue prices (Numbers 9 and 10).

Formerly the issue prices of raw material required for export in fabric were guaranteed by the Wool Control only through October 1940. The latest issue prices for British and East Indian wools are given on pages 31 and 34.

This extension of the period in which the current home issue prices will be in effect is of great importance to the export campaign of the British cloth manufacturers. Orders can now be taken for delivery of cloth or yarn to foreign countries as far ahead as the middle of 1941.

A new schedule of prices for East Indian and Iraq wools became effective June 20, 1940. Increases of 2 to 4 cents per pound were indicated for the different types of these coarse carpet wools as compared with November prices, and increases of from 5 to 10 cents per pound, according to type, since September.

The United Kingdom wool industry may benefit to a certain extent from Italy's entrance into the war, it is reported. Italy has for some time flooded the British market with cheap dress goods sold at prices well below production costs. During the first 9 months of 1939 (the last period for which statistics are available) imports of cloth into the United Kingdom from Italy totaled 5,446,000 square yards or 56 percent of the total from all sources. These goods were attractive in design and finish and sold in Bradford up to 2s. 3d. (45.28 cents) per yard cheaper than they could have been made in Bradford. The value of wool imported into the United Kingdom from Italy during the 8 months January-August 1939, was £336,130 (\$1,570,000), whereas the value of exports of wool tops, yarns, and piecegoods to Italy from the United Kingdom was only £145,158 (\$678,000). The British market is now closed to Italian cloth, and domestic manufacturers will not have to compete with subsidized Italian competition and will also encounter less competition from Italy in neutral markets.

Then, too, Italy will no longer be able to obtain Australian wool from the United Kingdom. Nor will Italy be able to buy in the free South African market in the new 1940-41 season, which began July 1. It looks as if Italy will be compelled to depend on the stocks now available in that country for manufacturing purposes if the British blockade is maintained. Italy normally imports about 75 percent of the requirements of the textile industry.

Exports to Italy from South America and the Union of South Africa in the 1939-40 season through April amounted to about 44 million pounds compared with 36 million pounds a year earlier. Some Australian wool may have been obtained while Italy remained neutral, but no estimate of the quantity obtained through the British Wool Control is available. In recent years, Italy has followed Germany's plan of earmarking imports of raw wool for export in manufactured products in order to obtain foreign exchange. Home requirements have been covered to an increasing extent by the use of substitutes.

The fact that the British Wool Control has prohibited exports of commodities, except under license, to Mediterranean and adjacent areas, including Bulgaria, Greece, Hungary, Rumania, Switzerland, and Yugoslavia, has further reduced foreign markets available to British wool exporters. Exports of wool tops, yarns, and manufacturers in 1938 to Greece, Hungary, and Switzerland were valued at nearly £5,000,000 (about \$24,000,000).

Several manufacturers indicate somewhat increased orders of wool cloth for shipment to the United States, but it will be difficult to make up the trade lost by the extension of the European war.

No raw wool exports were made from Bradford to the United States in the week ended June 14. Large quantities of noils are reported on hand but exports to the United States are likely to be reduced as a result of the British Treasury Regulations that all exports to the United States must be financed through the official market for sterling exchange. American importers will be unable to finance their imports from "free" sterling, and the delivered price of Bradford noils will be proportionately dearer. Noil exports to the United States from Bradford dropped to 28,000 pounds in the week ended June 14 from 688,000 pounds the preceding week. Plentiful supplies of Merino tops are reported on hand for civilian requirements and for export.

Wool-rag exports from Yorkshire to the United States rose to 334,000 pounds in the week ended June 14, the largest weekly consignment since the week ended November 17, 1939.

Exports of raw wool, waste, and rags from the United Kingdom in May 1940, were valued at \$31,000,000 compared with \$23,000,000 in May 1939.

The quantity of United Kingdom produced wool imported into the United States for consumption amounted to 4,194,000 pounds in the first 5 months of 1940, 3,365,000 pounds of which was classed as carpet wool. Imports from the United Kingdom in the calendar year 1939 totaled 13,843,000 pounds, an increase of 24 percent above 1938, but 22 percent smaller than in 1937. The bulk was classed as carpet wool.

UNITED KINGDOM: Maximum prices of East Indian Wool and hair, by orders of the Wool Control, effective June 20, 1940, a/ with comparisons

Description	British currency			United States currency			b/	
	Sept. 5: Oct. 22: Nov. 24: June 20: Sept. 5: Oct. 22: Nov. 24: June 20	1939	1939	1940	1939	1939		
	c/	d/	e/	f/	c/	d/	e/	f/
	Pence	Pence	Pence	Pence	Cents	Cents	Cents	Cents
<u>East Indian wools:-</u>	:	:	:	:	:	:	:	:
Vicanere white....	15.25	17.00	18.75	21.00	25.54	28.48	31.41	35.22
Joria white....	12.75	14.25	16.00	18.00	21.36	23.87	26.80	30.19
Kandahar white....	10.50	11.75	13.00	14.75	17.59	19.68	21.78	24.74
Marwar white....	11.25	12.50	13.75	15.50	18.84	20.94	23.03	26.00
Kandesh black....	8.75	9.75	10.75	12.00	14.66	16.33	18.01	20.13
Kandesh gray....	-	-	-	9.25	-	-	-	15.51
<u>Irak wools -</u>	:	:	:	:	:	:	:	:
White.....	-	-	-	13.50	15.25	-	-	22.61
Fawn.....	-	-	-	11.75	13.25	-	-	19.68
Black.....	-	-	-	13.00	14.75	-	-	21.78
Grey.....	-	-	-	12.00	13.50	-	-	20.10
	:	:	:	:	:	:	:	:

a/ Prices at which manufacturers purchase, as these wools have not been requisitioned.

b/ Conversions to American currency made at official British rate of exchange of \$1.02 per pound sterling for 1939, and \$1.025 per pound sterling for 1940.

c/ The Control of Wool (Amendment) Order, September 5, 1939, made by the Ministry of Supply under Regulations 55 and 98 of the Defense Regulations 1939, S.R. & O. No. 1100.

d/ The Control of Wool (No. 4) Order, October 20, 1939, S.R. & O. No. 1475.

e/ The Control of Wool (No. 8) Order, November 20, 1939, S.R. & O. No. 1661.

f/ The Control of Wool (No. 12) Order. Previous prices apply to wool imported before April 20.

GENERAL AND MISCELLANEOUS

FOREIGN EXCHANGE . . .

EXCHANGE RATES: Average values in New York of specified currencies, June 29, 1940, with comparisons a/

Country	Monetary unit	Year	Month			Week ended		
			1938	1939	1940	1940	June 15	June 22
				May	May	April	May	June 29
Argentina	Paper peso	30.85	33.12	31.21	29.77	29.77	29.77	29.77
Australia b/	Pound	353.38	395.77	372.89	280.90	260.80	296.55	288.17
Canada b/	Dollar	96.02	99.18	99.62	84.24	80.97	79.52	80.38
China	Shag. yuan	11.88	23.80	15.99	5.99	5.08	5.96	5.79
England b/	Pound	443.54	496.73	468.12	352.59	327.36	371.96	361.62
France	Franc	2.51	2.61	2.65	2.00	1.85	2.15	c/
Germany	Reichsmark	40.06	40.16	40.12	40.12	40.02	39.96	39.98
Italy	Lira	5.20	5.26	5.26	5.05	5.04	5.04	5.03
Japan	Yen	25.96	28.94	27.28	23.44	23.44	23.43	23.43
Mexico	Peso	19.30	22.27	20.02	16.66	16.65	16.04	19.19
Sweden	Krona	23.99	25.60	24.11	23.69	23.79	23.80	23.80
Switzerland	Franc	22.52	22.84	22.48	22.42	22.25	22.40	22.49

Federal Reserve Board.

a/ Noon buying rates for cable transfers. Denmark, the Netherlands, and Norway have been omitted as rates are not at present available. The last average monthly quotations were: Denmark, March, 19.31 cents; the Netherlands, April, 53.03 cents; and Norway, April, 22.71 cents.

b/ In addition to the free rate there is also a fixed official buying rate: Australia 322.80; Canada 90.91; and England 403.50 cents.

c/ Not available.

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